

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

DOCKET FILE COPY ORIGINAL

FEDERAL COMMUNICATIONS
COMMISSION
OFFICE OF SECRETARY

Dec 20 '96

RECEIVED

)
In the Matter of)

)
Federal-State Joint Board)

CC Docket No. 96-45 on Universal Service

To the Commission:

**COMMENTS OF
AMERICAN FEDERATION OF TEACHERS, AFL-CIO**

The American Federation of Teachers (AFT) urges the Federal Communications Commission (FCC) in its final rule on universal service for schools and libraries, to adopt provisions that will assure comprehensive telecommunications services to schools and libraries throughout the nation at affordable rates. AFT believes that the November 8, 1996 recommendations of the Federal/State Joint Board make tremendous steps toward fulfilling the intent of the Telecommunications Act of 1996 with regard to universal service support for schools and libraries. We urge the FCC, in its final rule to give positive consideration to these recommendations and, with a few adjustments, adopt their recommendations as the final rule.

AFT is particularly pleased that the Joint Board's recommendations make all telecommunications services that are available commercially subject to universal service support. These services, including access to the Internet and inside connections to classrooms are crucial to delivering education via advanced telecommunications to the broadest numbers of K-12 students and adult learners.

AFT strongly urges the FCC to adopt the Joint Board's two stage discount method. The school lunch stepped approach will assure affordable rates to schools, and do so in an administratively non-burdensome manner. We offer several recommendations regarding the pre-discount rate and others intended to make sure that eligible schools that don't gather school lunch data, or don't gather it accurately will be able to participate.

Description of the American Federation of Teachers

The American Federation of Teachers represents 925,000 members who are K-12 teachers and school aides, higher education staff, health care professionals, and public employees.

No. of Copies rec'd
List ABCDE

OLY

Response to Requests for Comments Released November 18, 1996

The Request for Comments asks for additional information regarding methods for identifying high cost areas, and measures of economic advantage that may be used for identifying economically disadvantaged schools and libraries. Also, the FCC seeks advice on how the final discount method can be administered in a minimally burdensome fashion. AFT concurs that the method established should present no needless administrative burdens at the national, state, and local level. We urge the FCC to adopt a rule that establishes a balance between fostering administrative flexibility and ensuring accountability for the use of the Universal Service Fund by all institutions seeking support. AFT is particularly confident that using the National School Lunch program and federally approved surrogates for school lunch eligibility will achieve both goals.

Method for Determining Discounts for Schools

The Two Stage Discount Method

The AFT concurs with the Joint Board's recommendation of a two stage approach for determining discounts for schools. The first stage would give every eligible school an initial discount price -- the lowest price providers in their region give to similarly situated non-residential customers for similar services. This price would serve as a benchmark from which a final discount price would be taken. The final discount would be based on the percentage of students that are eligible for the National School Lunch program, with deeper discounts for schools with higher percentages of school-lunch eligible students.

The initial benchmark discount is meant to assure that every school, regardless of its economic circumstance or geographical location, will receive a significant discount for telecommunication services. If the initial benchmark price (or pre-discount price) is based on regional prices, as recommended by the Joint Board, the discounts realized by schools and libraries will not be as large as ones based on a national average of the lowest price for such services. A national best price could make services more affordable and we urge the FCC to consider the added benefits to schools and libraries of a nationally averaged pre-discount price.

The stepped approach for providing deeper discounts tied to school lunch eligibility criteria assures greater affordability for all schools, especially, but not limited to those that serve economically disadvantaged students and those in high costs areas. It is estimated that under the Joint Board's recommendation, the average discount available to schools - - urban, rural, and suburban -- will be 60%, a sizable reduction in costs.

Taken as a whole, this two stage discount method makes significant strides toward addressing the principles underlying the universal service provisions in the Act.

School Lunch Eligibility as the Criteria for Determining Discounts

Eligibility for the School Lunch program is tied to students' family income and is generally regarded as a good indicator of schools' and districts' ability to afford educational services. The majority of public schools around the nation and a significant percentage of private schools (approximately 22%) participate in the program. For the '95-'96 school year, close to 92,000 schools participated in the program. Data are available for these 92,000 schools, as well as established guidelines and structures for administering the program. Using school lunch criteria minimizes administrative burden on these schools. At the same time, available data on these schools can be used for accountability for use of the Universal Service Fund's resources when the FCC conducts its review and evaluation of how the school and library parts of the Universal Service Fund are working.

The stepped approach to using the school lunch method benefits schools that serve children from low wealth communities because of its distribution to areas with concentrations of poor students. It is well documented that schools that serve communities with high concentrations of poverty have students with added and more complex educational problems than those with lower poverty rates, including larger numbers of children with disabilities and limited English proficient students, older facilities with greater infrastructure needs, etc.

The stepped method will benefit the majority of private schools that serve poor children, as well as public schools with similar populations, since private schools are 2 1/2 times more concentrated in large cities which have high concentrations of poverty. Private schools are 1/3 as likely to be located in rural areas. And, it is arguable that any participation by private schools under the universal Service Fund should be under the aegis of public school authorities.

Concerns have been expressed that some schools -- private and public -- do not participate in the school lunch program and do not collect necessary data. Other schools participate but, for a variety of reasons, their students maybe under-subscribe to the program and they show an inaccurate count of eligible students (e.g. some high schools, rural schools, urban schools with highly transient populations). Such cases are readily handled under the regulatory guidance that accompanies Title I of the Improving America's Schools Act. Statutory and accompanying regulatory guidance permits schools to certify their eligibility for the school lunch program by collecting or assembling other data to extrapolate a school lunch count. We recommend that schools be permitted to use any of a variety of currently employed, federally approved proxy methods to arrive at a school lunch count, with the exception of assumed proportionality, which we discuss later.

We propose limiting the proxy method to those specified and delineated in statute and regulations for several reasons. Proxies established in statute and delineated in regulation under Title I have been arrived at through a negotiated rulemaking process that involved a broad representation of school organizations. Accordingly, there is general agreement in the education community that the proxy

methods and the data they require are appropriate estimates of school lunch counts. (Note: Assumed Proportionality was allowed as a proxy for one year only, so that affected schools would not be prevented from participating during the first year of the reauthorization of IASA. After that first year, those that do not participate in the school lunch program and want to participate in Title I of IASA must choose one of the other proxy methods.)

Public and private schools that participate in Title I but not in the school lunch program where undercounting is a problem have begun to use these proxies. Accordingly, their use under the Telecommunications Act should not be more administratively burdensome for them. The FCC could expand the use of these federally-approved proxies to additional schools that do not collect school lunch data or where undercounting is a problem.

However, expanding the use of proxies beyond those that have been already adopted could unnecessarily entangle the FCC in endless review and approval processes of many, less appropriate proxy schemes.

Finally, there are two additional benefits to limiting the number and kinds of proxies to those already established. First, school lunch and proxy data on schools could be readily included in local plans to help providers verify bona fide requests. Secondly, such data would be valuable when the FCC evaluates the effectiveness of the Universal Service Fund discount method for schools.

Assumed Proportionality as a School Lunch Proxy

We urge the FCC not to adopt assumed proportionality or any variation of it as a proxy for school lunch counts. It would frequently lead to errors in determining the eligibility for deeper discounts and use of the Universal Service Fund. For example, wealthy or advantaged private schools that are situated in poor communities but serve a geographically dispersed population could claim the same discounts as schools in the poor community. Such schools could receive hefty discounts without verifying that their school lunch count qualifies them for these discounts. This would permit such schools to unfairly take discounts meant for other schools -- urban, rural, poor schools -- and cause an unfair drain on the Universal Service Fund allotment for schools and libraries in general. Further, permitting this would undercut the Joint Board's recommended discount methodology.

Other Exemptions from the Discount Method

Regarding the issue of whether the FCC should permit greater discounts for schools than those established in the discount methodology on the basis of "hardship," we urge that the FCC not establish a hardship rule at this time. The stepped approach to using school lunch criteria, recommended by the Joint Board, is itself a method for addressing hardship, with more needy schools receiving greater discounts. Setting up a second mechanism to grant greater discounts to certain schools would only undermine the hardship principle embodied in the school lunch

method. It would invite a variety of schemes to circumvent the basic method. Finally, adding a hardship exemption to the method would require additional administrative mechanisms, and unnecessarily complicate the administration of the discounts.

AFT urges the FCC to defer for a period of time any decision to permit exemptions from the discount method based on hardship -- until after it has an opportunity to review and evaluate the effectiveness of the Joint Board's recommended discount strategy. At this point in time, we recommend that the Joint Board's discount method be put into effect. Data gathered during implementation should identify any hardship issues that can be addressed after a national evaluation has been completed.

Conclusion

The American Federation of Teachers urges the FCC to give positive consideration to the November 8 recommendations of Joint Board regarding universal service for schools and libraries. We strongly urge you to adopt the recommended discount methodology, which, with few adjustments, can be used in a vast majority of schools. As structured, the Joint Board's recommendations assure that all Americans, through the nation's learning institutions have greater opportunities for success in the dawning information age. In this regard, the Joint Board's recommendations and the FCC decision are addressing vital national interests that extend beyond education.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mary M. Cross", with a stylized flourish at the end.

Mary M. Cross, American Federation of Teachers
Legislation Department
555 New Jersey Avenue, N.W.
Washington, D.C. 20001
December 18, 1996

I hereby certify that I have caused to be mailed this 19th day of December, 1996, copies of the foregoing comments of the American Federation of Teachers by first class mail, postage, prepaid, to the following persons:

The Honorable Reed E. Hundt
Chairman
Federal Communications Commission
1919 M Street, N.W., Room 814
Washington, D.C. 20554

The Honorable Julia Johnson,
Commissioner
Florida Public Service Commission
2540 Shumard Oak Blvd,
Gerald Gunter Bldg
Tallahassee, FL 32399-0850

The Honorable Laska Schoenfelder
Commissioner
South Dakota Public Utilities
State Capitol, 500 E. Capitol Street
Pierre, SD 57501-5070

Lisa Boehley
Federal Communications Commission
2100 M Street, N.W. Room 8605
Washington, D.C. 20554

James Casserly
Federal Communications Commission
Office of Commissioner Ness
1919 M Street, Room 832
Washington, D.C. 20554

Irene Flannery
Federal Communications Commission
2100 M Street, N.W. Room 8922
Washington, D.C. 20554

L. Charles Keller
Federal Communications Commission
2100 M Street, N.W. Room 8918
Washington, D.C. 20554

Debra M. Kriete
Pennsylvania Public Utilities
Commission
PO Box 3265
Harrisburg, PA 17105-3265

Robert Loube
Federal Communications Commission
2100 M Street, N.W. Room 8914
Washington, D.C. 20554

Philip F. McClelland
Pennsylvania Office of Consumer
Advocate
1425 Strawberry Square
Harrisburg, PA 17120

The Honorable Rachelle B. Chong
Commissioner
Federal Communications Commission
1919 M Street, N.W. Room 844
Washington, D.C. 20554

The Honorable Kenneth McClure
Commissioner
Missouri Public Service Commission
301 W. High Street Suite 530
Jefferson City, MO 65101

Martha S. Hogerty
Public Counsel for the State of Missouri
PO Box 7800
Jefferson City, MO 65102

Charles Bolle
South Dakota Public Utilities
Commission
State Capitol, 500 E. Capitol Street
Pierre, SD 57501-5070

John Clark
Federal Communications Commission
2100 M Street, N.W. Room 8619
Washington, D.C. 20554

Daniel Gonzalez
Federal Communications Commission
Office of Commissioner Chong
1919 M Street, N.W. Room 844
Washington, D.C. 20554

Lori Kenyon
Alaska Public Utilities Commission
1016 West Sixth Avenue, Suite 400
Anchorage, AK 99501

Diane Law
Federal Communications Commission
2100 M Street N.W. Room 8920
Washington, D.C. 20554

Samuel Loudenslager
Arkansas Public Service Commission
PO Box 400
Little Rock, AR 72203-0400

Michael A. McRae
D.C. Office of the People's Counsel
1133 15th Street, N.W. Suite 500
Washington, D.C. 20005

The Honorable Susan Ness
Commissioner
Federal Communications Commission
1919 M Street, N.W. Room 832
Washington, D.C. 20554

The Honorable Sharon L. Nelson
Chairman
Washington Utilities and Transportatio
Commission
PO Box 47250
Olympia, WA 98504-7250

Paul E. Pederson
State Staff Chair
Missouri Public Service Commission
PO Box 360
Jefferson City, MO 65102

Deonne Bruning
Nebraska Public Service Commission
300 The Atrium, 1200 N Street,
PO Box 94927
Lincoln, NE 68509-4927

Bryan Clopton
Federal Communications Commission
2100 M Street, N.W. Room 8615
Washington, D.C. 20554

Emily Hoffnar
Federal Communications Commission
2100 M Street, N.W. Room 8623
Washington, D.C. 20554

David Krech
Federal Communications Commission
2025 M Street, N.W. Room 7130
Washington, D.C. 20554

Mark Long
Florida Public Service Commission
2540 Shumard Oak Blvd,
Gerald Gunter Bldg
Tallahassee, FL 32399

Sandra Makeeff
Iowa Utilities Board
Lucas State Office Building
Des Moines, IA 50319

Tejal Mehta
Federal Communications Commission
2100 M Street, N.W. Room 8625
Washington, D.C. 20554

Terry Monroe
New York Public Service Commission
3 Empire Plaza
Albany, NY 12223

John Morabito
Deputy Division Chief, Accting & Audits
Federal Communications Commission
2000 L Street, N.W. Suite 812
Washington, D.C. 20554

Mark Nadel
Federal Communications Commission
2100 M Street N.W. Room 8916
Washington, D.C. 20554

John Nakahata
Federal Communications Commission,
Office of the Chairman
1919 M Street, N.W. Room 814
Washington, D.C. 20554

Lee Palagyi
Washington Utilities and Transportation
Commission
1300 South Evergreen Park Drive S.W.
Olympia, WA 98504

Kimberly Parker
Federal Communications Commission
2100 M Street, N.W. Room 8609
Washington, D.C. 20554

Barry Payne
Indiana Office of the Consumer
Counsel
100 North Senate Avenue, Room N501
Indianapolis, IN 46204-2208

Jeanine Poltronieri
Federal Communications Commission
2100 M Street, N.W. Room 8924
Washington, D.C. 20554

James Bradford Ramsay
National Association of Regulatory
Utility Commissioners
PO Box 684
Washington, D.C. 20044-0684

Brian Roberts
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Gary Seigel
Federal Communications Commission
2000 L Street, N.W. Suite 812
Washington, D.C. 20554

Richard Smith
Federal Communications Commission
2100 M Street, N.W. Room 8605
Washington, D.C. 20554

Pamela Szymczak
Federal Communications Commission
2100 M Street, N.W. Room 8912
Washington, D.C. 20554

Lori Wright
Federal Communications Commission
2100 M Street, N.W. Room 8603
Washington, D.C. 20554